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STATE FOR NEA, NEA/IPA, NEA/PPD

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HQ USAF FOR XXXX
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
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SUBJECT: SPECIAL ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Secretary Rice to Israel, West Bank, March 25-27, 2007

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Key stories in the media:

All media -- banner in The Jerusalem Post only -- reported on the

second day of Secretary of State Condoleezza Rice's visit to Israel and the PA. Rice met PM Ehud Olmert for dinner Monday night for the second time in 24 hours, and also met Palestinian Chairman [President] Mahmoud Abbas for the second time during a four-hour trip she made to Jordan, where she also met with King Abdullah II.

Ha'aretz reported that, echoing the lack of any substantive progress, the chief PA negotiator, Saeb Erekat, told the newspaper on Monday that there had been positive efforts on the part of the US, but that there was no American plan before to resume negotiations. Ha'aretz said that the decision to make a lukewarm and substantially softer statement during the Secretary's press conference this morning was made following deliberations between her and Olmert. Ha'aretz wrote that it is expected that Rice will announce that Olmert and Palestinian President Mahmoud Abbas have agreed to meet regularly and discuss "all issues." The discussions between the two leaders will initially revolve around confidence-building measures, and will leave an opening for discussions on other issues in the future. For her part, Rice will continue her periodic visits to the region, in which she will hold parallel talks with Israel and the Palestinians on all issues pertaining to the "political horizon." Ha'aretz reported that Rice postponed the press conference, originally planned for last night, because of differences of opinion with Olmert over the content of her statement. As a headline in Maariv reads: "Olmert Voided Rice's Vision of Content," the newspaper wrote that the differences between the two have resulted in a crisis of confidence. Ha'aretz reported that Olmert met with Rice for a second time on Monday and expressed his strong opposition to any mention of the "core issues" in the final status agreement -- namely Jerusalem, the Palestinian refugees and the 1967 lines. Writing that Rice made it clear she is trying to substantiate the concept of a "political horizon," Ha'aretz said that it appears that the compromise will be that the issues will be mentioned in passing. According to major media, Olmert also asked that any formula for the resumption of negotiations be based on the Roadmap and the stages it proposes (combating terrorism, dismantling outposts, a Palestinian state along interim borders and a final settlement). Ha'aretz said that Olmert also agreed to begin deliberations on less sensitive issues, such as the security arrangements of a future Palestinian state, and the conditions for implementing the agreement on the basis of the Roadmap. Olmert also opposed the proposal Rice made, that American mediation replace direct negotiations between Israel and the Palestinians. Ha'aretz noted that maintaining constant and fluid contact with Olmert is for the Palestinians, at this juncture, considered a priority.

The Jerusalem Post quoted senior diplomatic officials saying on Monday that it was Jerusalem's objections to US shuttle diplomacy between Israel and the Palestinians over final-status issues that led to the postponement of the press conference at which Secretary Rice was expected to outline her new initiative. According to the officials, Rice was expected to announce that direct talks between Israel and the Palestinian Authority would be replaced by parallel discussions she would hold with both sides over "political horizon" issues dealing with the contours of a future Palestinian state. Israel has stated that as a result of the formation of the new PA unity government, it would no longer hold "substantive" talks with Abbas -- only talks dealing with humanitarian and security issues. The Jerusalem Post quoted Israeli officials as saying that Rice had postponed the press conference to continue to work on the text of her message, and find the "right terminology" to describe the issues that the two sides have decided to explore through US mediation. The Jerusalem Post quoted one official as saying that Israel was opposed to dealing with final-status issues such as refugees and borders, something favored by the Palestinians. "Israel's position is not in favor of talking about these issues at this point," the source was quoted as saying. "For instance, we think it is inconsistent to talk about refugees, because we think that the right of return for refugees undermines the two-state solution." Moreover, the official was quoted as saying, "engaging in final-status discussions now -- when the time is not right and neither side is prepared -- could lead, if the talks falter, to another round of violence, as was the case in 2000." The Jerusalem Post noted that Rice seemed to be trying to allay Israeli fears when she said after a meeting with Foreign Minister Tzipi Livni: "I do not intend by any means to take control of the Israeli-Palestinian bilateral dialogue. I think it is very important." But The Jerusalem Post wrote that, in a briefing with the traveling US press

late Sunday evening, Rice outlined her new approach, saying that "given where we are, given all the uncertainties that we' have been through, given that there are changed circumstances in the wake of the Palestinian unity government, it seemed to me that the best geography this time was bilateral and parallel." In addition to this new shuttle diplomacy, The Jerusalem Post quoted sources as saying that Rice was trying to harness momentum for the process by enlisting greater support from the Arab world, in the belief that Arab-Israeli reconciliation could push the Israeli-Palestinian agenda forward.

Hatzofe reported on a "harsh disagreement" between Olmert and Rice around the Saudi initiative.

Yediot reported that Rice succeeded in "promoting at least one thing": an increase in coordination and cooperation between Olmert and Livni over the past few days. The newspaper said that they are presented a united line to the Secretary and that they adhere to the Roadmap. In other words, Yediot wrote, Olmert and Livni are angry with Abbas and they no longer want to pretend that they are interested in reaching an agreement with him.

The Jerusalem Post and Yediot reported that Rice will meet today with the families of the three kidnapped soldiers.

The Jerusalem Post reported that US senators are asking that Secretary Rice stand firm against the Hamas-led government even

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though it now includes Fatah members. The newspaper reported that 79 US senators have signed a letter to this effect.

Yediot reported that UN Secretary-General Ban Ki-moon will today be carrying a message from Olmert to Saudi King Abdullah, in which he reportedly say that he will seriously consider a Quartet-sponsored summit between Israel, Saudi Arabia, and the moderate Arab states. Yediot said that Ban will tell King Abdullah that Olmert believes that the Saudi peace initiative is "challenging and good" and that it can be the basis for dialogue, excluding some reservations. Yediot reported that, at the Arab League's summit meeting in Riyadh, the leaders will call for negotiations with Israel. Yediot said that the summit's concluding statement, which the Arab foreign ministers drafted on Monday, does not explicitly mention the Palestinian refugees' right of return to Israeli territory. Ha'aretz reported that sources from the Palestinian delegation to the summit told the daily that the Palestinians expect the Arab states to call on Israel to accept the Arab Peace Initiative. Ha'aretz reported that on Monday chief Palestinian negotiator Saeb Erekat described the initiative as "one of the most important to the Arab world -- a plan that we, the Arabs, must accept." Erekat was quoted as saying that there is no room to negotiate over the peace initiative, which was accepted by the Arab League at the Beirut summit in 2002. "There will be no negotiations with Israel over the initiative. There is also no demand to alter it by any of the parties," he added.

Ha'aretz reported that many Israeli officials hold new PA Finance Minister Salam Fayyad in high esteem, although Israel will end all its contacts with him.

All media reported on Monday's march by right-wing demonstrators to the evacuated northern West Bank settlement of Homesh. Ha'aretz cited the IDF as saying that no more than 2,500 persons participated in the protest. In another development, Ha'aretz reported that the cost of compensation for Gaza evacuees will increase by about half a billion shekels, totaling 9.5 billion shekels (approximately USD 2.2 billion) for 1,800 families.

Israel Radio quoted Palestinian sources as saying that two Al-Aqsa Martyrs Brigades militants were killed in a gun battle with IDF troops in Nablus. Ha'aretz reported that on Monday the body of a 50-year-old Palestinian shepherd was found near the West Bank settlement of Itamar. The possibility that Jewish extremists could be involved is investigated.

Ha'aretz and The Jerusalem Post cited a new World Bank study as saying that goods from the Gaza Strip should be allowed to move through the border with Egypt, in a boost to the economy of the

impoverished coastal strip.

Maariv and Israel Radio quoted US officials as saying on Monday that Kenya has handed over Abdul Malik, an al Qaeda suspect accused in two terror attacks in East Africa, to US authorities who have moved him into the Guantanamo Bay military prison, officials said on Monday. Pentagon spokesman Bryan Whitman was quoted as saying that Abdul Malik admitted involvement in a 2002 attack on a hotel in Mombasa, Kenya, which killed more than a dozen people, and an attempt to shoot down an Israeli airliner carrying 271 passengers near Mombasa.

Leading media reported that on Monday security forces successfully tested the Arrow anti-missile defense system. Ha'aretz quoted security sources as saying that the test was not as complex as the one carried out a month and a half ago.

Maariv lengthily featured the US nonimmigrant visa application process at the US Embassy in Tel Aviv.

Secretary Rice to Israel, West Bank, March 25-27, 2007

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Summary:

Washington correspondent Shmuel Rosner wrote in the independent, left-leaning Ha'aretz: "Rice's present visit seems like it was taken right out of a script from James Baker's tenure as secretary of state."

Diplomatic correspondent Herb Keinon wrote on page one of the conservative, independent Jerusalem Post: "What type of language on the refugee issue would be acceptable? To find out, the Arab League need look no further than the Clinton Parameters that dealt with the issue at length."

Eytan Haber, veteran op-ed writer and assistant to the late prime minister Yitzhak Rabin, opined in the lead editorial of the mass-circulation, pluralist Yediot Aharonot: "As far as Bush is concerned, this would apparently be the last battle for his place and achievements in history."

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz: "Forget the convergence plan [Olmert] was so proud of. Forget peace initiatives. Olmert has failed as a leader. He has to go."

Block Quotes:

I. "Disagreement Is Convenient"

Washington correspondent Shmuel Rosner wrote in the independent, left-leaning Ha'aretz (3/27): "US Secretary of State Condoleezza Rice has good reason not to fear disputes with Israel's Prime Minister: As long as they do not get out of hand, they faithfully serve as the goal of her visits to the region. Rice wants to prove to the Arab world that the US is making a concerted effort to deal with the Palestinian problem. What could be more convincing to the Arabs than Rice is serious than a public disagreement with Ehud Olmert? Rice's present visit seems like it was taken right out of a script from James Baker's tenure as secretary of state. Rice has come to try and push a plan not in keeping with Israel's policies. Before she arrived, she did not hesitate to publicly air the differences between the two nations, stemming from the American intention to maintain contact with the members of the Palestinian Authority unity government. Rice was, therefore, welcomed politely but with indirect defiance.... In any case, the disagreement is good for all sides. It is a limited disagreement. Rice will bring it to the table when she talks with the leaders of the Arab and European Quartets who want to see a US mediator who does not hesitate to pressure Israel. It will help Olmert stave off a political attack from the right and also -- and perhaps more importantly -- serve as a show of strength against the Rice-Foreign Minister Tzipi Livni duo.... But this is entirely mutual. The Bush administration is

also relatively weak. Senior Israeli officials have been dealing with a number of questions recently: To what extent is Bush behind Rice's activities? How much leeway is the US willing to give? The answers can reveal the trend: Bush does support Rice, because he sees no disadvantages in the initiative. If she succeeds, he will reap the credit and if, as expected, she fails, he can distance himself relatively easily from the fallout. The American political cauldron, already bubbling ahead of the November 8 elections, will make it difficult for the administration to face off against Israel."

II. "Seeking the Elusive Refugee Formula"

Diplomatic correspondent Herb Keinon wrote on page one of the conservative, independent Jerusalem Post (3/27): "Israel's reaction to the Arab Peace Initiative, which, in some form or another, is expected to be relaunched this week by the Arab League in Riyadh, will be determined by how the Arab leaders choose to finesse the refugee issue.... Prime Minister Ehud Olmert and Foreign Minister Tzipi Livni have both made clear that acceptance of UN Resolution 194, and the clause that rejects patriation, cannot be a basis for negotiations with Israel. Then what type of language on the refugee issue would be acceptable? To find out, the Arab League need look no further than the Clinton Parameters that dealt with the issue at length."

III. "A Last Battle"

Eytan Haber, veteran op-ed writer and assistant to the late prime minister Yitzhak Rabin, opined in the lead editorial of the mass-circulation, pluralist Yediot Aharonot (3/27): "There may be a chance [within the US administration] for the beginning of some arrangement. As far as Bush is concerned, this would apparently be the last battle for his place and achievements in history. For this purpose, Secretary of State Condoleezza Rice has been holding to the Saudi initiative as to a treasure (some say: as to an empty reed) in order to come back home with a victorious smile and tell her employer: We have done something. But let there be no misunderstandings. In its present state, the Saudi initiative is dangerous and bad for Israel and it will never be possible to accept it in ... all its clauses."

IV. "He Has to Go"

Senior columnist and longtime dove Yoel Marcus wrote in Ha'aretz (3/27): "President Truman had a sign on his desk that said 'The buck stops here.' In our neck of the woods, it doesn't stop there. It's passed on, to someone higher up or lower down on the ladder, usually by committees of inquiry -- our warped version of Japanese hara-kiri.... No matter how Olmert comes out of the probe of the Winograd [Commission investigating the Second Lebanon War], he is already a lame duck. He has lost the last vestiges of trust and respect that came with being Sharon's successor, and above all, he has lost the authority and ability to cope with the complex and urgent challenges that lie ahead. Forget the convergence plan he was so proud of. Forget peace initiatives. Olmert has failed as a leader. He has to go."

JONES